

**{As Prepared for Delivery}**

**Greater Cedar Valley Chamber of Commerce  
Cedar Falls, Iowa  
February 9, 2006**

**Thomas C. Dorr  
Under Secretary for Rural Development  
Remarks**

*[Robert Koob, University of Northern Iowa President (retiring), will introduce Under Secretary Dorr. Other acknowledgements (if present): Bob Justis, President of the Greater Cedar Valley Chamber of Commerce; Steve Dust, Greater Cedar Valley Alliance.]*

**Thank you, Bob, for that kind introduction.**

**I'm delighted to be here today, and I want to thank Bob Justis for making this opportunity possible -- Although I have to confess this is one of those occasions that remind me I'm not as young as I used to be.**

**I was on the Board of Regents when you became President of UNI – one of the best decisions we ever made. Now, after 11 years, you're retiring, but it still seems like yesterday.**

**This has been one of those special weeks. Just this last Monday, President Bush announced the 2007 Budget. A week ago Tuesday, as you know, was the State of the Union Address. President Bush touched on many themes:**

- He began with America's commitment to freedom in the world -- and the importance as part of that effort of economic progress, fighting disease, and spreading hope in hopeless lands.**
- He emphasized that we have enormous opportunities here at home. The future is bright if we have the leadership and the will to face our challenges squarely and work through them.**

**I sincerely believe that. With regard to rural America particularly, I am an unabashed optimist -- and it is great to hear President Bush speak to those themes of confidence, faith, initiative, and hard work that make America great, and make Iowa great. It doesn't get said enough.**

- In my view, the news media doesn't always present a balanced picture -- too much of glass half-empty, but when you size things**

**up, America has the most productive and creative economy in the world.**

- In the last 2 ½ years we've created more jobs than Western Europe and Japan combined.**
- Unemployment is lower today than the average for the 1970's, 1980's, or 1990's, and lower than in most of the other industrial democracies.**
- This is still the country everybody else in the world wants to come to -- and envies if they stay at home.**
- Of course we have challenges. We always do. But on the fundamentals, we're dealing from a position of leadership and strength, and it's important to remember that.**
- In fact, as the President points out, the American economy has astonished most observers with its resiliency:**

- For example, we had the stock market bubble and the accounting scandals in the late 1990's. That led to the stock market collapse and a painful recession to begin this decade.
- We had the 9-11 terrorist attacks and the added challenges of the global war on terror.
- India and China are emerging as formidable competitors. In fact, since the fall of the Berlin Wall between 2 and 3 BILLION people have joined the world market system.

That's a very good thing – this is what we fought the Cold War to achieve. This is what victory looks like -- we've turned enemies into competitors and customers. But the transition DOES impose significant challenges to all of us.

As the old saying goes, you can run but you can't hide. The world is interconnected. Brazil grows soybeans, China makes widgets, India writes software, but guess what markets price competitively. It affects us all.

- **And last but not least, the President proposed an ambitious new energy initiative – replacing more than 75% of our Persian Gulf oil imports by 2025 and developing cleaner, cheaper, and more reliable alternative energy sources. Sure, this is a challenge – but it is also an extraordinary opportunity ... one that we can look forward to seizing – and one which gives the Cedar Valley Tech Works lots of opportunity.**

**Now, you might ask what all this has to do with USDA Rural Development – and the answer is, a lot. The President’s energy proposals, in particular, are a direct invitation to rural America to compete and produce. In fact in many cases, the road to energy independence runs through the farm.**

**But it’s much broader than that. USDA Rural Development is in the business of dealing with change. Our mission is simple, but never ending – it is to increase economic opportunity and improve the quality of life in rural communities.**

**We administer over 40 programs ranging from infrastructure to housing to business development.**

**In 2006, we will leverage roughly \$2.5 billion in budget authority to support over \$17 billion in investment in rural communities.**

**The totals since 2001 exceed \$63 billion invested and over 1.1 million jobs created or saved in rural America. In Iowa, we've invested over \$1.4 billion since 2001. The numbers do add up. Today, we have a \$90 billion portfolio.**

**Perceptions need to change. Once upon a time, USDA Rural Development and its ancestral agencies were very different organizations.**

**In the beginning, during the Depression era – 1935 to be exact, my predecessors at the Resettlement Administration and the Farm Security Agency focused on emergency relief and farm stabilization. But we've grown up with rural America, and we have learned a great deal along the way:**

- **Today we recognize that sustainable development must be market driven, not program dependent. We're reorienting our programs toward market disciplines, both internally and externally.**
- **We want to be an investment banker for rural America, not a central planner or a lender of last resort. Our role is to support, encourage and empower local initiative, both public and private.**
- **We understand that money is part -- but only part -- of that role. We can't pay for everything, and we don't want to.**

**Rural America doesn't need Potemkin Villages that wither and die once the subsidy plug is pulled. What we do need are viable businesses and young families eager to build a future.**

- **We understand, therefore, that government can't do it all. Our success depends on partnerships -- and to be a good partner, we know that we must be responsive, flexible, and accountable to you.**

**We cover a lot of ground -- everything from ethanol plants, wind farms, and anaerobic digesters to affordable housing to rural hospitals to water treatment to broadband access. But our primary focus is on opportunities for economic growth -- on jobs and businesses.**

**And on that front, in my mind at least, there are three areas that stand out as strategic opportunities for rural America today: renewable energy, broadband, and something that I call “place.”**

**“Place” is my own term -- you may think of a better one -- for the quality of life considerations that attract so many of us to rural areas to live, work, and raise our families.**

**“Place” is peace and quiet, green fields, and fishable streams. It’s lower taxes and a lower cost of doing business. It’s affordable housing and a big yard for the kids. It’s the pace of life, low crime, and good schools.**

**These things are significant rural comparative advantages. I’ve been on temporary assignment for five years in Washington, D.C., and I’ve**



never seen a real estate ad boasting about a bigger mortgage for a smaller house, high taxes, noise, crime, and a three hour commute.

Rural communities that can provide good jobs, quality healthcare, and good schools are great places to live. Given the chance, people will vote with their feet. Our job is to help empower that choice by investing in the infrastructure and business development that makes it possible.

Frankly, nothing hits closer to home than this. For decades, rural communities have had difficulty offering opportunities to young people. A majority of kids left after finishing school. Very few of the college graduates came back. In my class, for example, I may have been the only one who returned to Marcus to farm – I’m not really sure, but I was certainly one of very few, if not the only one.

Our goal, therefore, begins right at home ... to create communities where our kids have a future ... and where they can realistically talk a spouse -- who probably wants a good job -- to come back with them.

**If our kids' hopes, dreams, ambitions, and talents take them around the world, that's great – and we want them to have that opportunity -- but they shouldn't be forced to leave simply because there is nothing at home.**

**And if we can build communities that retain our own young people, we will find that they become destinations for others as well.**

**Not everyone will make the same lifestyle choices -- but we can level the playing field so that rural America is again competitive in terms of economic opportunity. That's the goal.**

**A second, related opportunity and one which makes possible all the options of place for rural communities arises from the communications revolution, especially broadband.**

**IT is producing the most radical decentralization of information in human history. Today, data can be shared easily across great distances. We no longer need everyone in the same building so they can talk, or**

**shuffle paper from desk to desk. Administrative structures, manufacturing, and distribution networks can be decentralized.**

**The ethanol industry is a perfect example. Ethanol is coming of age for several reasons, but one of the important ones is that information technology allows 24/7 offsite monitoring of production and provide access to technology.**

**That's a major saving, and this efficiency makes possible the dispersal of small and mid-scale plants into areas where they can economically exploit local supplies of corn.**

**We look at the ethanol coming out of the end of the pipe -- and say "that's great" -- but let's not lose sight of the fact that today's production economies are made possible by IT driven process controls. Ethanol, in fact, is a geographically distributed, knowledge-driven, hi-tech industry.**

**This is happening across the board, in everything from manufacturing to health care to education to retail. To a degree unprecedented in history,**

**people are going to have real choices about where to live and how to do business. From a rural development perspective, this leverages “Place.”**

**The bottom line today is that you can live locally and compete globally:**

- **TOM PFOTZER EXAMPLE**
- **PLAINS, MONTANA EXAMPLE**

**Sooner or later, organizations will adapt. They will have to.**

**At the Department of Agriculture, for example, we have employees in carpools departing at 4:30 in the morning for three hour commutes.**

**Many of them are using their laptops and Blackberries on the way. If you stop to think about it, they're already telecommuting. They're just doing it from their vanpools over wireless networks at the start and finish of each day -- just because the office says they have to warm a seat 8 hours in between.**

**That's really not a satisfactory arrangement if your job is computer based and you could be at work each morning with the click of a mouse.**

**A generation from now, our grandchildren will be scratching their heads and wondering how we ever managed to live the way we do.**

**Broadband makes rural communities more competitive than they have been in generations. It opens the door to everything else. These things don't change overnight, but the spatial organization of America is being reengineered ...**

**... And I am convinced, if we do our jobs right, that smaller cities, small towns, and rural areas indeed have a very bright future in store.**

**Finally, rural America has a major new cash crop – energy.**

**President Bush spoke to this at length last week, and he didn't come to the issue suddenly. I have known the President for several years now, going back to the earliest stages of his campaign and before.**

**I can tell you that long before energy became a signature issue, George W. Bush recognized and was talking about the importance of reducing our dependence on imported oil. This has been a top priority from Day One.**

**The President understands that America's energy security requires a comprehensive effort. I emphasize the word "comprehensive." Frankly, some of the single interest lobbies need to realize that this is an "all of the above," not an "either-or" question.**

**The President certainly understands that America's strategy must include conservation and increased energy efficiency, as well as more domestic production of coal, oil, natural gas, and nuclear power.**

**And the President certainly recognizes the need to develop new energy sources. Comprehensive means comprehensive. It's all necessary.**

**And President Bush has been consistent on this. Immediately after his election in 2000 -- ancient history now, in political terms -- you will recall that the President made a comprehensive energy package a first order of business.**

**It's taken four long years to fight through the single interest objections -- but now we're there -- And why?**

- **... Because President Bush refused to let the Energy Bill die.**
- **... And because the President stood firm, today we have important new policy tools to move us ahead. The laws are on the books.**

**But that's the easy part. Now we have the challenge of making it work in the real world.**

**The good news is, it's starting to happen. We have strong leadership for energy in the Executive Branch. We have support for energy in Congress – a narrow majority on a lot of issues, but a majority on most.**

**And most importantly, the markets are telling us that it's time.**

**Energy has been a political football for 30 years, but talk is cheap. If speeches and press releases produced energy, the energy crisis would have been solved long ago.**

**The barrier to renewable energy has been price. Today, \$60 per barrel of oil has changed the equation.**

**Alternative energy is taking off – so much so that I make a point of saying that we shouldn’t call it “alternative” energy anymore. It’s going mainstream:**

- U.S. ethanol production this year exceeded 4 billion gallons. The 7.5 billion gallon renewable fuels standard in the Energy Bill will keep that growth on track.**
- Biodiesel usage has soared from about 5 million gallons in 2001 to 25 million gallons in 2004 to 75 million gallons last year.**

**You heard that correctly. Biodiesel tripled in a single year, and many observers expect it to double again this year.**

- U.S. wind power capacity by the end of last year reached 6,740 Megawatts, and another 5,000 MW are currently under construction or in negotiation.**



- **The U.S. Department of Energy estimates that wind can generate at least 6% of U.S. electricity by 2020. That's just an extrapolation of current growth rates.**
- **USDA Rural Development is a leader in all these fields. Since 2001, we've invested nearly \$290 million in green energy. Iowa, in fact, is one of the pacesetters, thanks to ethanol, digesters, and wind farms. Knowing Iowa, that doesn't surprise me.**

**To an Iowa corn farmer like me, the prospects are exciting. Energy from agriculture offers the rural economy its biggest new market in history. And this isn't just a way of turning on the lights and filling up the gas pump.**

**It means investment, good jobs, opportunities for young people, and the recirculation of capital through rural communities across the nation. – if we are smart and adaptive enough to capture them.**

**To do that, we need vision and leadership -- and not just from President Bush, but at the community level. We also need investment capital. USDA Rural Development can help there.**

**And we need new business models and investment vehicles to ensure that rural communities retain a fair share of the ownership and control of this extraordinary new opportunity for rural America.**

**When we reach the point at which we are fueling our cars with biofuels from the Midwest instead of petroleum from the Mideast ... in plants owned locally and financed by farmers, teachers, mechanics, and others in the community ...**

**... we will have turned an important corner.**

**To sum up, I am an incurable optimist about the future of rural America. I am an optimist about energy from agriculture. I am an optimist about the decentralizing implications of IT. I am an optimist about the attractions of the rural quality of life. This is a powerful combination.**

**With leadership, determination, and hard work, it's a winning hand for rural America. Yes, we face challenges. But our opportunities are greater than our challenges, if we have the vision and the will to pursue them. I am confident that we will, and I look forward to working with you to get the job done. Thank you.**